



Environmental Management Consolidated Business Center (EMCBC)

Subject: Monthly Cost Accrual Adjustments

POLICY, PROCEDURE
and PLAN

APPROVED: _____

EMCBC Director

1.0 PURPOSE

The purpose of this procedure is to establish an Environmental Management Consolidated Business Center (EMCBC) process for management of cost accruals on financial instruments.

2.0 SCOPE

The scope of this procedure is to ensure that EMCBC Contracting Officers are provided guidance on the cost accrual adjustment process.

3.0 APPLICABILITY

All EMCBC personnel and personnel receiving contracting authority through the EMCBC shall comply with this procedure. Contracts with Cost Management Reports that require the contractor to electronically transmit cost management information by the fifth business day of each month are exempt from this process.

4.0 REQUIREMENTS AND REFERENCES

4.1 CFO Memorandum dated July 27, 2006, "Invoice Approving Officials"

Requires contract Invoice Approving Officials to utilize the capabilities of the Vendor Invoice Approval System (VIAS) to review and adjust automated accruals on contracts, grants, and other financial instruments on a monthly basis, if the uncosted balance is over \$1 million. Approving Officials may adjust other contracts/purchase orders (i.e., those with under \$1M in uncosted balances). Accrual adjustments, if necessary, must be made by the close of business on the fifth workday of each month.

4.2 Chief Financial Officers Act of 1990

4.3 Government Management Reform Act of 1994

4.4 Office of Management and Budget's (OMB) Circular A-136, "Financial Reporting Requirements"

5.0 DEFINITIONS

- 5.1 Department of Energy (DOE) Financial Statements - DOE financial statements are prepared to report the financial position and results of operations of the Department of Energy, pursuant to the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Office of Management and Budget's (OMB) Circular A-136, "*Financial Reporting Requirements*." The responsibility for the integrity of the financial information included in these statements rests with the management of the Department of Energy.
- 5.2 Cost Accrual - A cost accrual, as used in this procedure, is the amount earned by a contractor (cost, fee, etc), but not yet invoiced under a contract. The amount of the accrual cannot be more than the amount funded on the contract. The Vendor Invoice Approval System (VIAS) automatically calculates a cost accrual for each contract/purchase order/grant by the fifth workday of each month. To ensure financial statements reflect reliable data, Invoice Approving Officials are required to review this calculated cost accrual for contracts with uncoded balances over \$1 million, and adjust the calculated amount as necessary to reflect what is earned but not yet invoiced.
- 5.3 Invoice Approving Official - The Invoice Approving Official is usually the assigned Contracting Officer (See 8.1).
- 5.4 Specialist Official/Program Official - Personnel with access into VIAS for specific contracts.

6.0 RESPONSIBILITIES

6.1 EMCBC Chief Financial Officer (CFO):

- 6.1.1 The CFO is responsible for updating VIAS Invoice Approving Officials, Specialist Officials, and Program Officials as requested by Contracting Officers. This includes periodically assessing the validity of officials assigned to financial instruments.
- 6.1.2 The CFO will ensure that officials responsible for accrual adjustments fully understand their role as it relates to the accrual process and that adjustments to the automated calculations are made where needed.
- 6.1.3 The CFO will notify the Office of Contracting should HQ CFO requirements relating to cost accrual adjustments change.

6.2 EMCBC Contracting Officers:

- 6.2.1 Contracting Officers are responsible for determining appropriate Specialist and Program Officials for each assigned contract, grant, or other financial

instrument and notifying the CFO to enable VIAS updates. VIAS will only allow one Specialist Official and one Program Official per instrument.

6.2.2 Approving Officials will review and adjust VIAS automated accruals on contracts, grants, and other financial instruments on a monthly basis, if the uncosted balance is over \$1 million, or designate a Specialist Official/Program Official to accomplish the review and adjustment. Contracting Officers may adjust other contracts/purchase orders/grants (i.e., those with under \$1M in uncosted balances). Accrual adjustments, if necessary, must be made by the close of business on the second workday of each month.

6.2.3 Contracting Officers are responsible for ensuring that designated Specialist Officials/Program Officials understand and follow the process outlined in Section 8.

6.3 Specialist Officials/Program Officials:

6.3.1 If designated, Specialist Official or Program Official is responsible for reviewing and adjusting cost accruals as described in Section 8.

7.0 GENERAL INFORMATION

An overview and demo of the cost accrual process is located in VIAS under Actions/Cost Accrual.

8.0 PROCEDURE

8.1 STARS (DOE's accounting system) generates a monthly cost accrual file on the fifth calendar day of the month, at which time, the calculated cost accrual per contract is made available in VIAS.

VIAS allows five Approving Officials for Accruals, as follows:

- Approving Official
- Up to two proxies designated by the Approving Official
- Contract Specialist
- Program Official

Only the Approving Official or the Proxy can approve the invoices, but all can review/approve the accrual.

8.2 Notification e-mails are sent out to Invoice Approving Officials, with copies to Specialist Officials and Program Officials, for instruments that have uncosted balances of \$1M or more.

- 8.3 Approving Officials (or designated Specialist/Program Officials) have two business days to review and make adjustments to cost accruals. Adjustments can be made to any accrual on a financial instrument during this time, not just those which received e-mail notifications.
- 8.4 After two business days, VIAS sends the accruals adjustment file to STARS for posting. The file reflects the adjustment amounts in VIAS as of close of business on the second business day.
- 8.5 For audit purposes, the official who entered the final adjustment into VIAS shall maintain supporting documentation for each adjustment made.

9.0 RECORDS MAINTENANCE

The official who entered the final adjustment into VIAS shall maintain supporting documentation for each adjustment made.

10.0 FORMS USED - Not Applicable

11.0 ATTACHMENTS

- 11.1 Attachment A – Memorandum from James T. Campbell to Distribution, "Invoice Approving Officials," dated July 27, 2006



Department of Energy
Washington, DC 20585

JUL 27 2006

MEMORANDUM FOR DISTRIBUTION

FROM:

James T. Campbell
JAMES T. CAMPBELL
ACTING CHIEF FINANCIAL OFFICER

SUBJECT: Invoice Approving Officials

At last week's senior leadership meeting, I discussed the importance of timely and accurate cost information and the need for invoice approving officials to utilize capabilities in the Vendor Invoice Approval System (VIAS) to review and adjust automated accruals on your contracts, grants, and other financial instruments on a monthly basis. At the meeting, I was asked to provide each of you with a list of all approving officials for Headquarters and your cognizant field offices.

Rather than provide a list of all approving officials, I am providing you a list of approving officials for those financial instruments with uncosted balances in excess of \$1 million as of July 24, 2006. Focusing on the cost accruals for these high dollar items will minimize the workload of your approving officials and allow us to address the critical few that have a material impact on the Department's financial statements. Please note that all approving officials, regardless of the dollar amount of the accrual, have the same opportunity to make adjustments in the VIAS system. The difference is that those with uncosted balances of less than \$1 million will not receive a VIAS e-mail notification.

It is important that you also periodically assess the validity of approving officials assigned to your financial instruments so that the appropriate individuals have access to the accrual adjustment tool in VIAS and to prevent payment disruptions due to personnel changes. Any changes regarding approving officials should be immediately reported to hqvendorpay@hq.doe.gov.

This information has also been provided to your Field Chief Financial Officers and to the Office of Finance and Oversight in the Headquarters CFO. These officials have been requested to ensure that field and Headquarters program officials responsible for VIAS accrual adjustments on these instruments fully understand their role as it relates to the accrual process and that adjustments to the automated accrual calculations will be made where needed.

Please be advised that the VIAS accrual tool is scheduled to be available on August 1-2, 2006 for the review and adjustment of July cost accruals. While these dates are subject to change, any changes in availability will be communicated to the VIAS users through e-mail transmission. Finally, a cost accrual tutorial is now available to registered users and can be accessed at any time after logging on to the VIAS. ◊



Thank you very much for your continued support of our financial management remediation efforts. If you have any questions regarding the Department's accrual process, please contact Geoff Smith, CF-12.2, at (301) 903-2729.

Attachment

EMCBC RECORD OF REVISION**DOCUMENT**

If there are changes to the controlled document, the revision number increases by one. Indicate changes by one of the following:

- I Placing a vertical black line in the margin adjacent to sentence or paragraph that was revised.
- I Placing the words GENERAL REVISION at the beginning of the text.

<u>Rev. No.</u>	<u>Description of Changes</u>	<u>Revision on Pages</u>	<u>Date</u>
1	Original Procedure	All	04/02/07